

*File*



# MACLEAN HUNTER

ANNUAL REPORT 1971

THE COVER shows a type disc from Maclean-Hunter's new Intertype Fototronic 1200 photocomposition system. The disc, containing two 120-character fonts of type, rotates at 2,400 revolutions per minute before a high-intensity light source. Light exposures of a millionth of a second project the characters onto photosensitive paper. The projection system enables one disc to set type in 19 sizes, from tiny footnote size up to headline size. The disc shown on the cover, containing the Zenith typeface, was used to set this report.

# The year 1971 at a glance

	1971	1970	% Increase or (Decrease)
Revenue	\$68,820,000	\$60,985,000	12.8
Operating expenses (except depreciation)	57,170,000	52,042,000	9.9
Consolidated net income for the year			
—total	3,515,000	3,095,000	13.6
—per share	43.9¢	38.7¢	13.6
—percent of revenue	5.1	5.1	
Total dividends paid per share			
On Class A stock	18.8¢	18.0¢	4.4
On Class B stock	16.0¢	15.3¢	4.4
Total assets	54,353,000	49,564,000	9.7
Current assets	14,455,000	13,015,000	11.1
Investments — at cost	852,000	698,000	22.1
Properties — at cost less depreciation	21,871,000	20,360,000	7.4
Current liabilities	10,384,000	11,042,000	(6.0)
Unearned revenue	4,164,000	4,187,000	(0.5)
Long-term debt	11,500,000	9,340,000	23.1
Shareholders' equity	17,444,000	15,398,000	13.3
Working capital	4,071,000	1,973,000	106.3

# Report to the shareholders

Maclean-Hunter Limited was able to continue to diversify, expand and reorganize during 1971 and thus finish the year with increases of more than 12% in both total revenue and consolidated net income. (Canada's gross national product, in terms of dollars, rose by 9% in the year.)

Consolidated net income increased to \$3,512,000 (43.9¢ a share) from \$3,091,000 (38.7¢ a share) in 1970, the figures having been adjusted for the change in accounting procedure for magazine subscription costs and a stock split.

Although publishing still accounts for almost two thirds of Maclean-Hunter's total revenue, our publishing revenue increased by only 1.7% in 1971. This reflects the industry-wide slump in advertising linage. The overall linage situation began to improve significantly in the last quarter of 1971, and the improvement has continued in the first quarter of 1972. Our business publications forecast a 10% increase in advertising revenue for 1972. Our five consumer magazines, as a group, expect a good increase in advertising revenue this year.

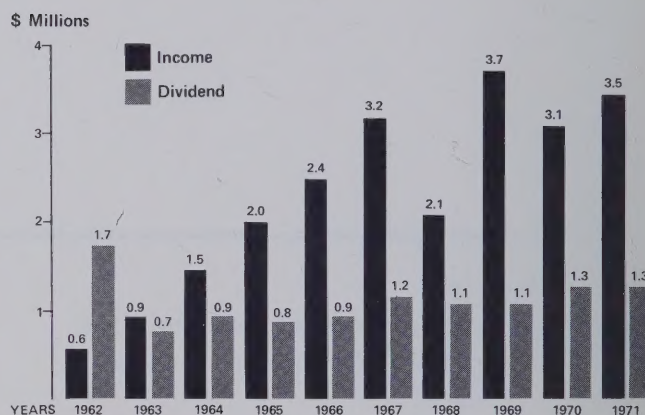
The printed word and the technology that produces it will remain essential components of the Maclean-Hunter mix far into the future. During 1971 the company installed a sophisticated computerized photocomposition system in its Toronto plant, another step ahead in modern, efficient offset printing. (See the inside and outside front cover of this report.)

Periodicals will for as long as we can see ahead comprise a large and exciting part of Maclean-Hunter's operations. Your company will also continue to adhere to its policy of wide diversification within the communications industry.

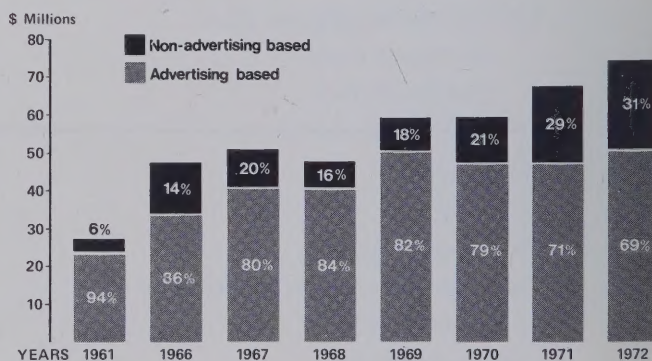
Maclean-Hunter's broadcasting operations contributed 12% more revenue in 1971. CKEY radio in Toronto and CFCN radio and TV in Calgary, operating under highly competitive conditions, increased their audiences during the year.

Revenue from the company's cable television activities increased by a remarkable 57% in 1971. The subscriber list of Maclean-Hunter Cable TV Limited grew to 151,000, a 55% penetration of the total available market. And revenue from your company's other

## NET INCOME AND DIVIDENDS



## NON-ADVERTISING BASED SALES AS PROPORTION OF TOTAL SALES



activities, which range from creating educational materials to manufacturing business data forms, grew by 37% in 1971.

This growth in cable-TV and "other" revenues exemplifies Maclean-Hunter's long-term strategy of reducing its overall dependence on national advertising as a source of revenue. In 1961, advertising accounted for 94% of the company's total sales. Ten years later, the advertising share was 71%. In 1972, it may well be down to 69%.

Your company is pushing steadily into fields not reliant on advertising. Early this year, for example, we purchased The Canadian Investor, a weekly newsletter sold to executives and investors. In January,

1972, M-H Cable TV acquired AirTel Limited, which operates mobile-telephone, private radio and paging systems in Ontario. Toward the end of 1971 M-H Cable bought a 50% interest in Phasecom Corporation of Santa Monica, California. Phasecom develops and manufactures advanced electronic equipment for cable-TV systems, and the partnership will help M-H Cable TV to stay out in front technologically. Our subsidiary Data Business Forms Limited expanded its operations in 1971 through the purchase of Pakfold Continuous Forms Limited. In 1971 our Learning Materials Company acquired new product lines and Canada & the World, a current events publication used in the classroom.

This does *not* mean, of course, that Maclean-Hunter will not expand in the advertising-based areas. The Business Publications Division purchased three publications in 1971. These were merged into three existing Maclean-Hunter publications, substantially broadening their bases. In broadcasting, we negotiated to acquire two more radio stations, but the Canadian Radio-Television Commission has denied both applications.

During 1971 we restructured our Maclean-Hunter organization. Under a corporate capital reorganization, your shares were split two-for-one, which will broaden the market for them. You may now choose which type of Maclean-Hunter shares you wish to hold to make the most of your tax position. Most of the company's broadcasting and foreign assets and its cable-TV assets were sold to two newly incorporated subsidiaries, CFCN Communications Limited and Maclean-Hunter Communications Limited. (This year 40% of the CFCN Communications stock was sold to the public, raising \$6,500,000 of new working capital, the sale being completed on April 12.) Both the Magazine Division and the Business Publications Division were restructured to provide more opportunity for more young management men to develop new ideas.

Your company's single greatest asset is its people, one of the finest pools of skill, talent and ideas anywhere. Our policy is to hire the best and to give them the opportunity and the direct encouragement to do their best. We have started a new management de-

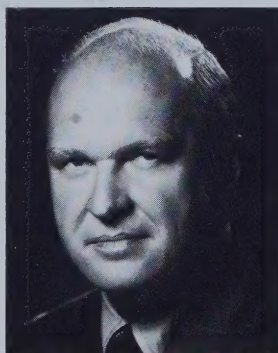
velopment program, a series of concentrated teaching seminars involving 175 of our managers from almost every sector of the company's operations. A specialized, company-wide training program for sales personnel will begin shortly. And we expect to initiate a unique development program for editors, writers and artists before the end of 1972.

To the Maclean-Hunter people, to all of the employees, we offer a sincere "thanks" and "well done" for their performance in 1971. Their unfailing energy and creativity, along with brighter forecasts of the economy, make us optimistic about the outlook for the company in 1972.



*Donald F. Hunter*

Donald F. Hunter  
Chairman



*Donald G. Campbell*

Donald G. Campbell  
President

# The company at a glance

**Maclean-Hunter Limited, Toronto** with its companies, divisions and departments owns:

- 60% / CFCN Communications Limited, Toronto
  - owns: 100% / Greatlakes Broadcasting System Limited, Toronto
  - 100% / The Voice of the Prairies Limited, Calgary
  - 100% / CFCN Television Limited, Calgary
    - owns: 100% / CFCN Productions Limited, Calgary
- 100% / Maclean-Hunter Communications Limited, Toronto
  - owns: 61.7% / Maclean-Hunter Cable TV Limited, Toronto
    - owns: 66⅔% / Huron Cable TV Limited, Sarnia
    - 75% / Peterborough Cable Television Limited, Peterborough
      - owns: 50% / Phasecom Incorporated, Santa Monica, California
    - 100% / AirTel Limited, Toronto
  - 100% / Shoreacres Broadcasting Company Limited, Toronto
    - owns: 50% / Dominion Broadcast Programming Services Limited, Toronto
    - 100% / Professional Announcements Limited, Toronto
  - 100% / Maclean-Hunter Limited, London, England
  - 100% / Maclean-Hunter Publishing Corporation, Chicago
    - owns: 100% / National Market Reports, Inc., Chicago
- 50% / Orillia Broadcasting Limited, Orillia, Ontario
- 100% / National Automotive Publishers Limited, Toronto
- 39% / New Press, Toronto
- 100% / Combined Communications Limited, Toronto
  - 50% / Tarifmedia S.A., Paris, France
  - 50% / Media-Daten, Verlagsgesellschaft m.b.H., Frankfurt, Germany
  - 50% / Maclean-Hunter (Deutschland) G.m.b.H., Frankfurt, Germany
  - 50% / Dati e Tariffe Pubblicitarie S.p.A., Milan, Italy
  - 50% / Auto Dati S.p.A., Milan, Italy
- 100% / Data Business Forms Limited, Malton, Ontario
  - owns: 100% / Pakfold Continuous Forms Limited, Niagara Falls, Ontario
    - owns: 100% / Pakfold Western Limited, Brandon, Manitoba
- 100% / Design Craft Limited, Toronto
  - owns: 50% / International Exposition Services Inc., Toronto
- 100% / Co-operative Book Centre of Canada Limited, Toronto
  - 50% / Trans Canada Expositions Limited, Toronto
  - 40% / Stephens & Towndrow Limited, Toronto

# What Maclean-Hunter does

We're in the communications business, extensively and diversely. We intend to expand in it. We have no intention of branching out of it.

## **We publish periodicals . . .**

Ninety periodicals, in four languages, are published by our *Magazine Division*, *The Financial Post Division*, the *Business Publications Division*, the *Maclean-Hunter Learning Materials Company*, *Combined Communications Limited* and our foreign subsidiaries and affiliates. The publications are listed at the back of this report.

## **We broadcast . . .**

*Shoreacres Broadcasting Limited* operates radio station CKEY, Toronto.

*Greatlakes Broadcasting System Limited* operates radio stations CFCO in Chatham and CHYM AM-FM in Kitchener-Waterloo.

*The Voice of the Prairies Limited* and *CFCN Television Limited* operate CFCN radio and CFCN-TV in Calgary.

## **We provide cablevision . . .**

*Maclean-Hunter Cable TV Limited* operates community-antenna cable service and originates community cablecasting in 14 Ontario centres: Metro Toronto, Thunder Bay, St. Catharines, London, Guelph, Peterborough, Sarnia, Hamilton, North Bay, Owen Sound, Midland, Wallaceburg, Collingwood and Huntsville.

## **We make miniature libraries . . .**

*Maclean-Hunter Microfilm Services* markets ready-made microfilmed reference files on subjects of wide interest (e.g. pollution, women's liberation, foreign ownership), microfilmed files of various Maclean-Hunter publications, and compiled-to-order reference files on microfilm rolls or microfiche.

## **We're in mobile communications . . .**

*AirTel Limited* operates private radio systems, two-way mobile telephone service and radio paging systems in Ontario, with facilities in Toronto and London.

## **We compile and sell data . . .**

*The Financial Post Division* markets specialized, continually up-dated data on Canadian corporations through its *Computer Services* and *Corporation Service*. The division also sells a quarterly survey of consumer buying intentions.

*Maclean-Hunter Research Bureau* undertakes market studies and surveys on a fee basis. It also provides ready-made market reports on many products and services.

## **We make business forms . . .**

*Data Business Forms Limited* custom-designs and manufactures forms, essential tools of modern business com-

munication for the recording and transferral of data.

*Pakfold Continuous Forms Limited* specializes in register and snap-set forms.

## **We create tools for education . . .**

*Maclean-Hunter Learning Materials Company* develops original, resource-oriented teaching materials for elementary and secondary schools. It also markets selected lines from Britain and the U.S.

## **We sell ideas and services . . .**

*Direct Mail Services* offers a mailing list of 600,000 names sorted into 800 occupational classifications, plus complete printing, addressing, inserting and postage services.

*Creative Communications* markets a complete creative service in the graphic arts: research, design, editing, typesetting, artwork, an idea-to-product production package for brochures, catalogues, magazines, etc.

*Design Craft Limited* provides specialized creative services to exhibition and show managers.

We assist the exchange of ideas and information through seminars and conferences conducted by specialist editors of the *Business Publications Division*, *The Financial Post Division* and by *Industrial and Trade Shows of Canada*.

*Canadian Press Clipping Service* reads and clips for its clients all newspapers and periodicals in Canada, English and French, on any subject. Files in clipping form, or on microfilm through *Maclean-Hunter Microfilm Services*.

We sell knowledge-by-travel through *Maclean-Hunter Travel Projects*, which include Maclean's Tours, Chatelaine's Grand Tour and The Financial Post's Connoisseur Tours and specialized trade missions.

## **We publish annuals . . .**

Industrial surveys and guides, 18 of them, are published by the *Business Publications Division* and *The Financial Post Division*. The publications are listed at the back of this report.

## **We're in communications technology . . .**

*Phasecom Corporation* designs, develops and manufactures advanced electronic equipment for cable-TV.

## **We produce exhibitions . . .**

Seventeen in all, in two countries, managed by *Industrial and Trade Shows of Canada*, the *Business Publications Division*, *Trans Canada Expositions Limited* and *Maclean-Hunter Limited* in Britain. The exhibitions are listed at the back of this report.

## **We sell music know-how . . .**

*Dominion Broadcast Programming Services Limited*

supplies custom-designed music programming to radio stations across Canada.

### **We produce TV shows . . .**

*CFCN Productions Limited* produces and distributes television specials.

### **We publish and distribute books . . .**

*Co-operative Book Centre of Canada Limited* is a wholesale distributor of books to school and public libraries. It supplies books fully catalogued, maintains an inventory of 35,000 titles.

*Fine Books Division* publishes and retails M-H-imprint reference books and historical works co-published with other major book publishers.

*The Financial Post Division* publishes books on business and national affairs.

*New Press* publishes Canadian books of social significance, nonfiction and fiction, and distributes books to universities.

*Maclean-Hunter Learning Materials Company* distributes industrial and trade hard-cover self-training books.

### **We distribute periodicals, paperbacks . . .**

*Maclean-Hunter Distributing Company* handles national newsstand distribution of publications, via wholesalers to retailers, for Maclean-Hunter and other publishers.

### **We print . . .**

The *Printing Division's* plant in Toronto, one of the largest in Canada, manufactures the company's Canadian periodicals and annuals and some books. It also handles a substantial volume of external work through the *Commercial Printing Division*.

## How we've been doing

A review of operations

In a year of belt-tightening everywhere in the Maclean-Hunter organization, our employees (2,802 of them in six countries at December 31, 1971) improved our overall mix, our individual products and services and, in most cases, unit revenues.

### **We've renovated . . .**

#### *Magazine Division*

There are four generally recognized facts of life in the modern world of magazine publishing, where great publications have passed into oblivion to the shock and resentment of their readers.

1. Fat circulation does not mean fat profits.
2. Magazines must rely less on advertising revenues and more on revenues from readers.
3. Specialty magazines aimed at specific audiences who share common jobs, hobbies or
- lifestyle have taken much of the play away from the big circulation general interest magazines.
4. Publishers must diversify their sources of revenues by selling by-products and services in addition to the magazines.

"We have anticipated every one of them," Lloyd M. Hodgkinson, vice-president of our Magazine Division, told a group of financial analysts early in 1972. "During the past 10 years, we have developed our magazines of special interest, *Chatelaine*, *Châtelaine* and *Miss Chatelaine*, and last year changed our general interest *Maclean's* and *Le Maclean* to magazines of specific interest. We have eliminated the plan for unlimited circulation in favor of planned manageable levels of circulation. We have increased the prices of our magazines to the reader. We have developed effective book sales and by-product revenue sources."

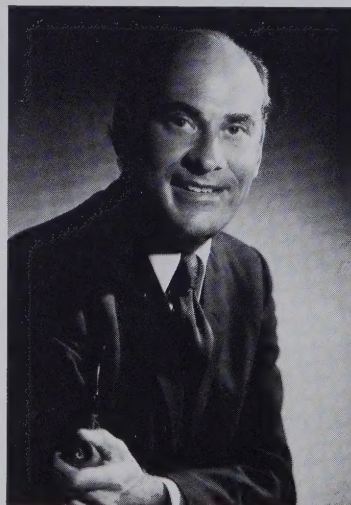
#### *Maclean's*

The renovation of *Maclean's* magazine, the switch from a magazine of general interest to a magazine of spe-

cial interest, happened very quickly. The specialization, a total concentration on the Canadian experience and a national point-of-view, began when Peter C. Newman became editor on February 1, 1971. The magazine changed with the May issue. An editorial board of the editor and four associates planned and edited the magazine, setting up a network of writers from all areas of the country.

"The authority and credibility of Canada's national magazine has been restored," Hodgkinson was able to report at the end of 1971. "A minimum of 50 editorial pages per issue was set. Reports from the centres of political influence, a series of *My Canada* features by serious, sensitive Canadians, articles on public affairs, social changes, education, economic, cultural, entertainment, sports, travel, and people, columns on theatre, movies, books and television, have been the core of each issue.

"The quality of writing has been greatly enhanced and the authority of the writers significantly increased. A totally new design, from cover throughout the inside pages, presents clean, contemporary typeface and layout. Illustrations of beauty and impact dominate the visual. The total content and visual approach has been Canadian-designed



Peter Newman, editor of *Maclean's*: the authority and credibility of Canada's national magazine has been restored.



*Ultramodern newsroom of CKEY, high above Toronto.*

to stimulate emotion, interest and concern of our readers for their country and its development. Maclean's was re-born editorially with the May, 1971, issue and the place of the magazine as an editorial force in Canada is assured for the future," Hodgkinson stated.

Le Maclean underwent a similar change during the latter part of 1971. Beginning with the November issue, Le Maclean began to be a companion in general pattern and appearance to its English-language counterpart, although, naturally, attuned to the cultural and political environment of Quebec. Editor Jean Sisto has moved the magazine away from concentration on political strife in Quebec, and put its emphasis on accomplishment in such areas as public affairs, social change, education and business rather than on difficulties.

### *Station CKEY*

In keeping with its quality audience and high ratings, radio station CKEY wanted to renovate its physical image as well as to find more physical space to work in. So in the spring of 1971 Shoreacres Broadcasting leased the presti-

gious top floor of the new Toronto Star Building, overlooking miles of lake and metropolis.

The station moved to the new quarters in January, 1972, without missing a minute of broadcasting time. Their overall design supervised by Raymond Moriyama, the internationally known Toronto architect, the new quarters are the very model of the modern radio facility, technically and environmentally.

There are 30 rooms altogether, including the news room, conference room, offices, studios and a staff lounge, laid out for efficiency but decorated with glass, a magnificent view, mirrors and a color scheme of plum, blue, ivory and orange.

### *Business Publications Division*

The Business Publications Division, in a general reorganization, divided its many publications into more, smaller groups and delegated more authority down the management line, to the group publishers and to each publication publisher. The division set up one experimental group in which four separate publications are

managed by one publisher, assisted by a marketing manager.

### *Financial Post Magazine*

A 2,000-mailing survey of its readers assisted Financial Post Magazine in renovating its editorial policy during 1971. The magazine has broken away from the "leisure life" concept, and has started to cover in depth all aspects of a business executive's life, always on a highly personalized, individual basis.

The magazine, for example, has started to examine the effects of rapid social and technological change on middle-class Canadians through its "New Frontiers" projects. The magazine advertised for volunteers to participate in experiments to "explore themselves and their changing environment." Almost 100 business and professional men from coast to coast replied and volunteered to take part in original research projects, which will be developed into important feature articles.

### *Co-operative Book Centre*

Co-operative Book Centre of Canada devoted 1971 to "rebuilding the company from the ground up," in the words of G. M. Harwood, its executive vice-president. This involved new management and staff, radical changes in internal systems, complete redecoration and reoutfitting of its building and an addition of 15,000 square feet to the warehouse.

"In addition to this, we projected our new image to our customers," Harwood stated at the end of 1971. "We have invited librarians and business administrators alike to see our 'new' company. Almost without exception our present customers and prospective customers have been duly impressed."

### *Design Craft Limited*

During 1971, Design Craft Limited restructured its operation to improve its resources in the traditionally profitable show service and rentals sections and to phase out unprofitable activities, particularly those involving the designing and manufacturing of custom-built exhibits. Redundant plant production equipment sold will provide funds to improve the stock of rental furniture.

### *Maclean-Hunter Limited*

Maclean-Hunter reorganized its capital structure in 1971, and changed its accounting procedure for magazine subscription revenues and expenses. See the report of the chairman and the president and the notes to the financial statements.

## **We've innovated . . .**

### *M-H Learning Materials Company*

Maclean-Hunter Learning Materials Company in 1971 started developing six totally new learning programs, three aimed at the whole North American market, three designed specially for Canadian schools. One of the new projects is the Maclean-Hunter Science Involvement Program, designed by Joseph and David Gladstone of Toronto, two brothers now internationally famous for their innovative expertise in learning tools.

In 1971, Learning Materials began offering secondary schools selected Financial Post Corporation Service company-data cards in a Canadian Business Studies package.

### *M-H Microfilm Services*

During 1971, the vast storehouse of information con-

*Inspecting Co-operative Book Centre of Canada: Maclean-Hunter's Executive Vice-President J. Lindley Craig (left), Vice-President G. W. Gilmour (second from left) and Gordon J. Rumgay, manager of M-H Magazine Circulation Division (right). Book Centre's executive vice-president, G. M. Harwood, explains a facet of the operation.*



tained in the Maclean-Hunter Library, the back files of Maclean-Hunter publications and the daily flow of categorized current information from Canadian Press Clipping Service were teamed up with microphotography. The result: Maclean-Hunter Microfilm Services.

This new department already has a firm foothold in the library market. Development of a corporate market has started: archival microlibraries of clippings to document company histories, rapid-retrieval microfiles of clippings for market-research purposes, etc.

### *Industrial and Trade Shows*

Industrial and Trade Shows of Canada went into the rock record business in 1971, and it may venture into the movie business as well. All on a one-shot basis. ITS contracted with Columbia Records of New York to supply taped portions of live performances of the late Janis Joplin, recorded during ITS's rock-music Festival Express. The result will be an album of Joplin records.

ITS also has been negotiating to produce a documentary film on Festival Express.

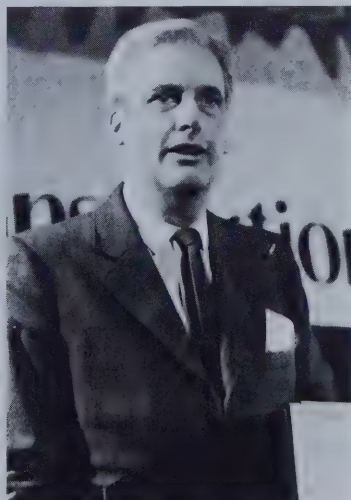


Cover of the Janis Joplin album.

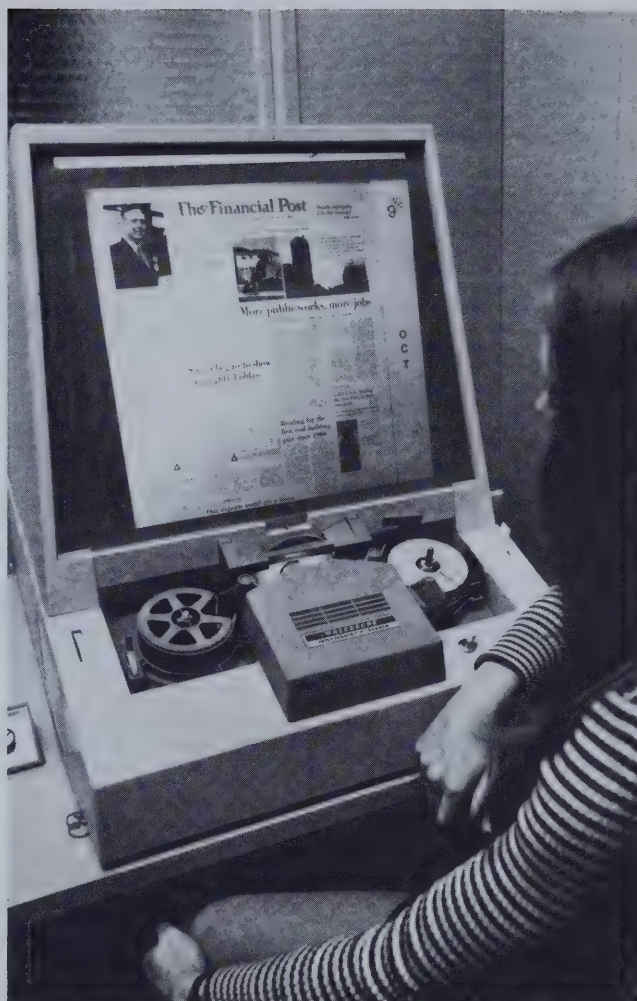
### *The Financial Post*

The Financial Post, in a joint venture with Institutional Investor magazine of New York, sponsored the successful First Annual Canadian Institutional Investor Conference, held in Montreal in November, 1971. A second conference is scheduled for Toronto in November, 1972.

The Post published two major new series in 1971: Galt, U.S.A., by Robert L. Perry, and Running Your Own Business, produced in co-operation with the Ontario Institute of Chartered Accountants. Both were later published as popular books. Another new series, The New Taxes, started early in 1972. It will also be offered in book form as a practical guide to Canada's complex new tax structure.



Paul Deacon, editor and publisher of The Financial Post, addresses the First Annual Canadian Institutional Investor Conference.



Complete back files of The Financial Post and other M-H publications come back to life, almost as large as life, on microfilm. This viewing equipment is located at M-H Microfilm Services quarters in Toronto.

### *Canadian Machinery*

Late in 1971, Canadian Machinery and Metalworking formed its Productivity Club. Aim: to close the "productivity gap" between Canada and other industrial nations. Method: to utilize low group-travel rates to send Canadians in the metalworking industry to exhibitions, conferences and seminars at home and abroad. The first venture: a mission to Machine Tool International '72 in London, England, June 21-July 1, 1972.

### *Oilweek*

In November, 1971, Oilweek took a step outside its normal role, which is keeping the oil industry informed about itself. Editor Barry Kay wrote a major 24-page report on the petroleum industry's efforts to combat pollution — addressed to the general public, not to the industry. Kay's strategy worked. Oilweek boosted its reputation, and sold the oil industry more than 20,000 reprints of the section, as the industry's official statement on the subject.

## We've won distinction and acclaim . . .

### *The Financial Post*

The Financial Post late in 1971 arranged a private meeting to inform Premier Robert Bourassa, the Quebec stock exchanges and government officials of certain undesirables and irregularities in the Quebec investment industry uncovered by two Post reporters, Philip Mathias and Amy Booth.

After the Post published the information, the meeting itself became national news. And one columnist called The Post itself Canada's "best underground newspaper," because of the high quality of its investigative news-gathering.

### *Editors, writers and artists*

The Tenth Decade, a series of CBC TV documentaries about the Diefenbaker-Pearson years, originated, written and partially narrated by Peter Newman, editor of Maclean's magazine, won the prestigious 1971 Michener Award for Journalism.

Fourteen Maclean-Hunter editors, writers and artists, most of them from the Business Publications Division, dominated the list of winners of 1971 Kenneth R. Wilson Memorial Awards, the most respected awards in Canadian business journalism. They won four of the five major awards for writing, two honorable mentions for writing, and 10 awards of excellence or awards of merit for graphic design.

### **Editorial**

Best industrial and technical article:  
Clifford S. Hand, *Modern Power and Engineering*

Honorable mention:  
Barry Kay, *Canadian Paint and Finishing*

Best general article:  
James Vernon, *Plant Administration/Engineering*

Best professional article:  
Milan Korcok, *The Medical Post*

Honorable mention:  
Alexander Ross, *The Financial Post*

Best short feature article:  
Elizabeth Edmonds, *Marketing*

### **Graphics**

Complete issue:  
Award of merit:  
John Bellinger, *Canadian Interiors*

Cover:  
Awards of Merit:  
A. G. Roberts and K. J. Molnar, *Canadian Datasystems*  
John Hymers, *Canadian Photography*  
Al Haslett, *Men's Wear of Canada*  
K. J. Molnar, *Office Equipment & Methods*  
W. V. Frampton, *Plant Administration/Engineering*

Feature:  
Award of excellence:  
Al Haslett, *Men's Wear of Canada*  
Awards of Merit:  
Patrick Goodale, *Canadian Hotel and Restaurant*  
David Foyn, *Financial Post Magazine*

### *Maclean's*

During 1971, thousands upon thousands of praiseful letters poured into the offices of the "new" Maclean's magazine, edited by Peter Newman. By demand, Newman himself has been travelling Canada from coast to coast, speaking about the magazine and about Canada itself. Even Newman's first issue, May, 1971, drew a bagful of mail, including these comments:

"Your comments as editor on the direction in which you hope to take Maclean's struck a responsive chord with me and I commend you on your intent and purpose. I agree fully that there are many potential stories in Canada which have not been tapped. I am confident that in the May edition you have well and truly begun the search for these and that Maclean's will reflect the spirit and flavor of Canada." From William G. Davis, Prime Minister of Ontario.

"After my total disgust with the magazine as pub-

*Editors of the Business Publications Division are specialists. The skeleton in the cupboard of The Medical Post, used by writers to double-check tricky facts of anatomy, exemplifies the point. From left: Earl Damude, editor, Carolyn Robb, production manager, and Derek Cassels, staff writer.*





*Discussing the new Maclean-Hunter Science Involvement Program: (from left) Ted Holland, manager of product development of M-H Learning Materials Company, and Joseph and David Gladstone, authors of the program.*

lished over the last several years I am glad to say, without flattering you, that a great improvement has taken place. The old book is back in business." From Bruce Hutchison, editorial director, Vancouver Sun.

### *Station CKEY*

The Radio-Television News Directors Association honored CKEY with its regional award for excellence in spot news reporting for the station's coverage of the Air Canada DC-8 crash near Malton airport in July, 1970.

The news team of Charles Templeton and Pierre Berton brought international fame to CKEY in November, 1971. Templeton and Berton asked CKEY listeners to contribute money and lend their names to a protest against the Amchitka nuclear test blast proposed by the U.S. In 10 days, 177,000 listeners contributed \$13,500 to sign a telegram petition and pay for Washington-area radio announcements protesting the blast. A photograph of the Templeton-Berton appearance at the White House gates ran in major newspapers across Canada and the U.S.

The Canadian Radio Festival awarded its Public Service Certificate of Merit to Gene Kirby, program manager of CKEY, for an announcement he wrote and produced in aid of a project to help the handicapped.

### *Galt, U.S.A.*

*Galt, U.S.A.*, by Robert L. Perry, a book about American influence in Canada, based on a 1971 series in *The Financial Post*, was published by The Financial Post Division early in 1972. The book has had praise from reviewers across the country; has been the basis of TV shows and academic seminars; is being adopted as a university text; and public sales are nearing the magic 5,000 "best seller" figure.

### *Station CFCO*

Radio station CFCO in Chatham received awards during 1971 from the Chatham Junior Chamber of Commerce, the Wallaceburg Optimists and Sertoma, in recognition of the station's excellence in news.

### *Chatelaine*

In a March, 1972, feature article, *Time* magazine singled out *Chatelaine* and its editor, Doris Anderson, for special attention. *Chatelaine*, the article pointed out, has more than doubled its circulation in the last 15 years, employing a unique editorial mix of New Womanhood and housewifery. "*Chatelaine* is credited with anticipating most of the causes of Women's Liberation, keeping a step ahead of Canadian women without making them feel out of step," *Time* said. "*Chatelaine* has become far and away Canada's most successful consumer monthly."

### *New Press*

*New Press*, in its second full year of operation, had three of its titles on the national best-seller list in 1971: *Rumours of War*, by Ron Haggart and Aubrey Golden; *The New Ancestors*, the prize-winning novel by Dave Godfrey; and *Shrug: Trudeau in Power*, by Walter Stewart. The books received wide critical acclaim.

### *Station CHYM*

The Kitchener Fire Department presented a public service award to radio station CHYM, the first ever given by the department. The award recognized CHYM's Operation Firefly in 1971, in which the station distributed more than 50,000 bright red "firefly" stickers. When stuck to bedroom windows, they alert firemen to rooms where persons may be trapped. The station's campaign has received national attention.

### *Design Craft Limited*

During 1971, a telephone fixture designed by Design Craft Limited was nominated for an award for excellence by the Ontario Department of Trade and Commerce.

### *M-H Cable TV*

St. John Ambulance honored Maclean-Hunter Cable TV in 1971 with an award for valuable service. M-H Cable cablecast a series of videotaped programs about the work of the St. John Ambulance, creating such interest that a new St. John branch was formed.

## **We've broadened and modernized . . .**

### *The Financial Post*

The national weekly itself has broadened its involvement in multimedia specials: joint TV-print presentations pioneered by *The Post* and the CBC. (The first of these, *The Charter Revolution*, won the first Michener Award for Journalism.) During 1971, the Post-CBC team produced two more specials: *The Wired World*, a study of the electronic life of tomorrow; *Where Does All the Money Go?*, an investigation into the alleged shortage of risk capital in Canada. Early in 1972, the team produced its fourth, *Mission Japan*.

Further broadening and deepening its coverage, *The Post* opened a news bureau in Quebec City in April, 1971, and a Vancouver news bureau in January, 1972.

## *M-H Learning Materials Company*

In September, 1971, the company became sole Canadian distributor for a leading American producer of reading and social studies materials. It acquired exclusive rights to an important British line of innovative mathematical materials. It also purchased and completely revamped the classroom periodical *Canada & the World*.

## *M-H Cable TV*

Early in 1972, M-H Cable was one of five successful applicants for rights to serve a portion of the town of Mississauga. This added another 12,000 households to Cable's potential market in the Metro Toronto area.

## *Book Service Centre*

Books from New Press, Fine Books Division, M-H Distributing Company and other groups are stored centrally in the Book Service Centre's 10,000-square-foot Toronto warehouse, established in 1971. BSC not only stores the books, but centralizes handling, shipping, invoicing and other accounting functions.

## *New Press*

In January, 1972, New Press launched its Educational Division to supply books to the university market. The new division is concentrating in the beginning on the social sciences and Canadian literature.

## *Financial Post Magazine*

The magazine introduced in 1971 its "gold pages," 16-page special sections devoted to prime-interest subjects, such as boating, garden living and photography. The "gold pages" are popular with readers and they have attracted additional advertising revenue.

## *Industrial and Trade Shows*

The division created two new properties in 1971: the Powder Coating Show and the Golf Show, the latter being in a unique partnership with the Ontario Professional Golfers' Association. ITS will produce the Canada Farm & Industrial Equipment Show, purchased early in 1972 by Trans Canada Expositions Limited.

## *M-H Travel Projects*

This new dimension for Maclean-Hunter was organized in 1971, got into operation in early 1972.

## *Printing Division*

Our investment during 1971 in computerized photo-composition equipment (just as our third big web offset press went into operation) not only gave our printing plant a weapon to fight rising costs, but also opened a door to a coming revolutionary generation of direct writer-to-computer-to-print technology.

## *Maclean-Hunter Limited*

The corporation, as part of its long-range program to improve internal administrative efficiency, created in 1971 the Information Systems Department. Its specialized function is to plan and co-ordinate data processing systems in such areas as subscription fulfillment, sales analysis, cost analysis.

## *FP Corporation Service*

Corporation Service extensively altered during 1971 its method of presenting company accounts. The new, more concise format provides a five-year, instead of a three-year, comparison of major figures.

## *FP Computer Services*

Computer Services introduced in 1971 a feature that highlights significant items of new corporate data for investment analysts, major users of the services.

## *Acquisitions and affiliations*

Maclean-Hunter's broadening by acquisition and affiliation continued markedly in 1971 and in early 1972. A summary:

### **In 1971**

Data Business Forms Limited  
Pakfold Continuous Forms Limited  
Canada & the World  
Canadian Food Industries\*  
Gifts and Jewellery\*  
Educational Media\*  
Phasecom Inc.

### **In early 1972**

AirTel Limited  
Canadian Motel/Motor Hotel\*  
Combined Communications Limited  
Auto Dati S.p.A.†  
Maclean-Hunter (Deutschland) G.m.b.H.†  
Farm & Industrial Equipment Show ■

\* Business publications merged into existing Maclean-Hunter publications.

† European affiliates specializing in business publishing.

■ Purchased by Trans Canada Expositions Limited, operated by Industrial and Trade Shows of Canada.

*Doris Anderson (centre), editor of Chatelaine, discusses magazine matters with Shanta Kirloskar, editor of a women's magazine in India, who visited Chatelaine recently. At left: Elaine Collett, director of Chatelaine Institute.*



## We've made good gains . . .

### *M-H Cable TV*

During 1971, the number of subscribers on M-H Cable TV service increased by 15%, from 131,000 to 151,000. Net income for the common shareholders climbed by 102%, to \$588,000 from \$290,000 in 1970.

### *Business Publications Division*

This division, as a whole, contributed about 20% of Maclean-Hunter Limited's total sales in 1971. Although the division's advertising lineage for the year was down 10%, its total revenues were up about 1% and its profits rose by 40%. This reflects tight cost control and some diversification of revenue sources.

### *Broadcasting*

Advertising revenues of station CKEY recovered strongly in 1971, after a weak sales year in 1970. CKEY's audience not only grew but it listened longer. The station's 1971 circulation: people tuned, 480,050, a 9.5% increase over 1970; total hours tuned, 4,611,800, a 50.7% increase over 1970.

Station CHYM AM-FM in Kitchener-Waterloo increased its audience during the year, and its gross revenue climbed to an all-time high.

Station CFCO, Chatham, also reported higher sales and audience ratings for the year.

CFCN, Calgary's leading radio station, increased its audience by almost 8%. CFCN-TV increased its audience by 4%. Revenues and profit of both rose.

### *The Financial Post*

Advertising lineage dipped about 4% during 1971, but revenue increased by almost 5%. Although The Post's newsstand sales declined during the year, reflecting mainly the condition of the stock market, subscription sales rose in 1971.

### *U.S. operations*

Despite the general decline in advertising lineage, tight cost control resulted in an increase in operating profit. As in the Canadian operation, the U.S. management also emphasized auxiliary revenue more strenuously than ever.

### *New Press*

A shift of emphasis from paperbacks to hardbacks and new co-publishing arrangements with American and British book publishers increased New Press's gross sales.

### *Magazine Division*

This division produced about 19% of Maclean-Hunter's total 1971 sales. Advertising volume for the year was down by 0.7%, but total revenue rose by 4% and net profit by 143%.

Advertising lineage in the "new" Maclean's magazine declined relative to 1970 during the first nine months of 1971, but in the last quarter lineage exceeded that of last-quarter, 1970. Advertising volume was up 50% in the first four issues of 1972.

All of the division's magazines ended 1971 with new circulation highs: Maclean's, 774,989; Chatelaine, 991,879; Le Maclean, 177,234; Châtelaine, 293,545; Miss Chatelaine, 171,997.

During its first year of operation, M-H Distributing

Company not only increased the newsstand sales of M-H magazines, but also turned in a profit from handling magazines and paperbacks for other publishers.

The Fine Books Division enjoyed its most profitable year yet.



Maurice Cutler (left), Ottawa news bureau chief of the Business Publications Division, meets Chou En-lai, prime minister of China, in Peking. The introducer: Jean Luc Pepin, Canada's Minister of Industry, Trade and Commerce.

## We've had disappointments . . .

### *Broadcasting and cable*

The Canadian Radio-Television Commission has denied two of our applications to purchase radio stations: CJOE in London, Ontario, and CHIC-FM in Brampton, Ontario. We had planned to turn CHIC-FM into an all-news station for the Metro Toronto area.

The CRTC has also turned down an application from M-H Cable TV to serve part of the town of Whitby, Ontario.

We've had no encouraging information as yet on Global Communications Limited's 1971 application to the CRTC for a television network covering southern Ontario. Maclean-Hunter will have a 15% interest in Global if the CRTC approves the application and certain other conditions are met.

A supply of acceptable Canadian middle-of-the-road music continued to be CKEY's most serious problem in 1971. To increase its music variety, the station itself produced its own series of 100 small-group instrumental selections on five LP albums. An attempt to turn these into a profit-making service for other stations met with little success.

### *Publishing*

Market forces caught up with Cités et Villes, our French-language publication for Quebec municipal administrators. Studies indicated there was barely room for

even one periodical in the market, so in the spring of 1971 we sold it to La Revue Municipale.

The disastrous postal strike, followed by large increases in postal rates, joined high wage demands and lower advertising budgets to hurt our British publishing operations in 1971. "It was a year of disconcerting events, declining profits and hard-won business. It was a year that didn't fulfill its promise of a return to industrial sanity and greater economic stability," reported Ronald R. Barnes, chairman of the board of Maclean-Hunter Limited, London.

### *Printing*

General economic conditions, rising costs and an enormously competitive, price-slashing situation in the printing industry created some idle capacity in our Toronto printing plant in 1971 and ate into the revenue of the Commercial Printing Division.

## **We've been planning ahead . . .**

### *Broadcasting and cable*

In cable TV, we'll keep trying to expand by acquiring existing systems and applying for new licenses. At the same time, we'll work toward opening more channels on our cables. This will enable us to increase revenue by offering more services.

We're looking at ways to interlock our broadcasting, publishing and cable activities, say, in the field of news.

In radio, we're working on ways to give more citizens

access to air time, a "right of reply" so to speak.

In broadcasting, we're looking at expansion in several different lights. 1. We will try acquisition, of course. 2. We can build bigger audiences, both by making our programming better and by increasing the power of our stations. 3. We can develop more FM broadcasting.

### *Publishing*

Europe, particularly the expanded European Economic Community, looks like a profitable place to do business. We plan to do more there, right now and in the future.

South Africa also holds out some interesting opportunities.

We've got some interesting ideas about new specialized magazines for the Canadian market.

We're looking at new ways to sell magazine subscriptions at the householder's doorstep.

### *In general*

We've calculated long, profitable futures for the many ventures we've diversified into. And we're always looking for ventures.

We look outside for acquisitions and affiliations, for ideas we can buy. On the other hand, some of our most exciting, profitable innovations were created within our organization, by our own people.

Only one idea in 20 ever reaches the project stage, but the Maclean-Hunter organization has almost 3,000 people. For that reason alone, we've forecast no slowdown in our diversification activities.

*Paul Saint-Pierre (left), editor of *Bâtiment*, interviewing mayor Jean Drapeau of Montreal about the Olympic stadium to be built in Montreal. *Bâtiment* was the first publication to break the news about plans to build the stadium.*



# Consolidated statement of income

For the year ended December 31, 1971 (with comparative figures for the 1970 year)

	1971	1970
<b>Revenue:</b>		
Publishing	\$39,869,000	\$39,211,000
Broadcasting	8,631,000	7,687,000
Cable TV	7,732,000	4,930,000
Printing and other activities	12,588,000	9,157,000
Total revenue	<u>68,820,000</u>	<u>60,985,000</u>
Add income from investments	11,000	156,000
	<u>68,831,000</u>	<u>61,141,000</u>
Operating expenses, except depreciation	57,170,000	52,042,000
Profit from operations before the following	<u>11,661,000</u>	<u>9,099,000</u>
Deduct:		
Depreciation	2,456,000	1,955,000
Interest expense (excluding in 1970—\$234,000 charged to cable TV construction)	<u>1,165,000</u>	<u>728,000</u>
	<u>3,621,000</u>	<u>2,683,000</u>
Income before income taxes	8,040,000	6,416,000
Income taxes	<u>4,053,000</u>	<u>3,380,000</u>
	<u>3,987,000</u>	<u>3,036,000</u>
Add (deduct):		
Share of net profits of 50% owned affiliated companies (note 2)	32,000	16,000
Minority interest	<u>(545,000)</u>	<u>(395,000)</u>
Income before extraordinary items	<u>3,474,000</u>	<u>2,657,000</u>
Extraordinary items:		
Income tax reductions resulting from the carry-forward of losses of prior years in certain subsidiary companies (note 3)	41,000	228,000
Gain on sale of land		210,000
<b>Consolidated net income for the year</b>	<u><u>\$ 3,515,000</u></u>	<u><u>\$ 3,095,000</u></u>
Earnings per share of capital stock (Class A and B):		
Income before extraordinary items	43.4¢	33.2¢
Extraordinary items	.5	5.5
Consolidated net income	<u><u>43.9¢</u></u>	<u><u>38.7¢</u></u>

See accompanying notes

# Consolidated statements of retained earnings and contributed surplus

For the year ended December 31, 1971 (with comparative figures for the 1970 year)

	1971	1970
<b>Retained earnings</b>		
Retained earnings, beginning of year:		
As previously reported	\$11,946,000	\$10,726,000
Adjustments to prior years' earnings (note 2)	2,564,000	2,111,000
As restated	14,510,000	12,837,000
Consolidated net income	3,515,000	3,095,000
	18,025,000	15,932,000
Deduct:		
Dividends (note 9) —		
On Class A shares — 18.75¢ per share in cash (18.0¢ in 1970)	663,000	720,000
On Class B shares 15.975¢ per share (11.475¢ in Class A shares subsequently redeemed and 4.5¢ in cash) (15.3¢ in 1970)	714,000	612,000
	1,377,000	1,332,000
Tax paid on undistributed income	104,000	90,000
	1,481,000	1,422,000
Retained earnings, end of year	\$16,544,000	\$14,510,000
<b>Contributed surplus</b>		
Contributed surplus, beginning of year	\$ 388,000	\$ 316,000
Share of gain on redemption of subsidiary company's preference shares	12,000	72,000
Contributed surplus, end of year	\$ 400,000	\$ 388,000

See accompanying notes

# Consolidated statement of source and application of funds

For the year ended December 31, 1971 (with comparative figures for the 1970 year)

	1971	1970
<b>Source of funds:</b>		
Operations—		
Consolidated net income for the year	\$ 3,515,000	\$ 3,095,000
Increase (decrease) in unearned publishing revenue	(33,000)	51,000
Amounts deducted (added) in arriving at consolidated net income which did not involve an outlay of funds:		
Depreciation	2,456,000	1,955,000
Deferred income tax	1,130,000	744,000
Minority interest	545,000	395,000
Other	(24,000)	(20,000)
Total funds from operations (cash flow)	7,589,000	6,220,000
Issue of securities		13,107,000
Bank loans	2,515,000	2,600,000
Long-term debt, deferred income taxes and unearned publishing revenue in subsidiary companies acquired	342,000	
Other	3,000	18,000
	<u>\$10,449,000</u>	<u>\$21,945,000</u>
<b>Application of funds:</b>		
Additions to properties (net)	\$ 3,967,000	\$ 5,966,000
Additions to goodwill	1,695,000	1,859,000
Repayment of long-term debt	570,000	360,000
Redemption of preference shares of subsidiary company	220,000	584,000
Purchase of investments	122,000	108,000
Dividends	1,377,000	1,332,000
Tax paid on undistributed income	104,000	90,000
Subsidiary company dividends paid to minority interest	296,000	282,000
Increase in working capital	2,098,000	11,364,000
	<u>\$10,449,000</u>	<u>\$21,945,000</u>

See accompanying notes

# Maclean-Hunter Limited

(Incorporated under the laws of Ontario) and its subsidiaries

## Consolidated statement of financial position

December 31, 1971 (with comparative figures at December 31, 1970)

Assets	1971	1970
<b>Current:</b>		
Cash	\$ 817,000	\$ 441,000
Short-term investments at cost which is approximately market value	241,000	796,000
Accounts receivable	9,583,000	8,938,000
Inventories at the lower of cost and replacement cost	2,051,000	1,392,000
Prepaid expenses	1,763,000	1,448,000
Total current assets	<u>14,455,000</u>	<u>13,015,000</u>
<b>Investments:</b>		
50% owned affiliated companies (notes 1 and 2)	404,000	378,000
Other, at cost	448,000	320,000
Total investments	<u>852,000</u>	<u>698,000</u>
<b>Properties</b> (note 4)	<u>21,871,000</u>	<u>20,360,000</u>
<b>Goodwill</b> (note 5)	<u>17,175,000</u>	<u>15,491,000</u>
	<u><u>\$54,353,000</u></u>	<u><u>\$49,564,000</u></u>

On behalf of the Board:

*Elmer Chalmer*

Director

*[Signature]*

Director

See accompanying notes

## Notes to consolidated financial statements December 31, 1971

### 1. Consolidation and acquisitions

The consolidated financial statements include the accounts of the Company and its subsidiaries. All subsidiaries are wholly owned except Maclean-Hunter Cable TV Limited in which the Company has a 61.7% interest. The investment in 50% owned affiliated companies is carried at the net equity therein (see note 2).

In December, 1971, the Company formed Maclean-Hunter Communications Limited and CFCN Communications Limited to hold all of its broadcasting undertaking, cable TV operations and certain publishing activities. The following subsidiaries were transferred to the two newly incorporated companies:

#### Maclean-Hunter Communications Limited

Maclean-Hunter Publishing Corporation (U.S.)  
 Maclean-Hunter Limited (U.K.)  
 National Market Reports, Inc. (U.S.)  
 Shoreacres Broadcasting Company Limited  
 Maclean-Hunter Cable TV Limited (61.7% owned) and its subsidiaries (with the percentages owned by it):  
 Peterborough Cable Television Limited (75% owned)  
 Huron Cable TV Limited (66⅔% owned)

#### CFCN Communications Limited

CFCN Television Limited  
 CFCN Productions Limited  
 Greatlakes Broadcasting System Limited  
 The Voice of the Prairies Limited

## Liabilities

	1971	1970
<b>Current:</b>		
Bank loans (secured by accounts receivable)	\$ 3,270,000	\$ 4,366,000
Accounts payable and accrued charges	4,458,000	4,772,000
Income and other taxes payable	1,324,000	840,000
Dividends payable	377,000	333,000
Debentures of subsidiary company due within one year	51,000	
Unearned cable TV revenue	904,000	731,000
Total current liabilities	10,384,000	11,042,000
<b>Unearned net publishing revenue</b> (note 6)	4,164,000	4,187,000
<b>Long-term debt</b> (note 7)	11,500,000	9,340,000
<b>Deferred income taxes</b>	5,117,000	3,870,000
<b>Minority interest in subsidiary companies</b> (note 8)	5,744,000	5,727,000
<b>Shareholders' equity</b> (note 9):		
Capital	500,000	500,000
Contributed surplus	400,000	388,000
Retained earnings	16,544,000	14,510,000
	17,444,000	15,398,000
	<u>\$54,353,000</u>	<u>\$49,564,000</u>

As a result of these transactions the capital surplus of the Company for income tax purposes has been increased (see note 9), although consolidated net income and asset values are not affected.

During 1971 the Company acquired all of the outstanding shares of Data Business Forms Limited (effective January 1), Pakfold Continuous Forms Limited and Pakfold Western Limited (effective August 1) and Combined Communications Limited (effective November 1) for a total cash consideration of \$2,237,000. The acquisitions have been treated for accounting purposes as "purchases" and accordingly consolidated net income for 1971 and retained earnings at December 31, 1971 include only earnings since the respective dates of acquisition. The book value of net tangible assets on the books of the acquired companies

amounted to \$738,000 which approximates their estimated fair value at date of acquisition. The excess (\$1,462,000) of the consideration paid over the estimated fair value of assets acquired, together with purchased goodwill totalling \$37,000 carried on the books of two of the companies is included in the balance of goodwill on the consolidated statement of financial position.

Subsequent to December 31, 1971 Maclean-Hunter Cable TV Limited acquired a communications company with net assets of \$452,000 for a cash consideration of \$980,000.

### 2. Changes in accounting policy

Magazine subscription costs —

In prior years, all costs incurred in acquiring publication subscriptions have been charged as expense in the year incurred while revenue from such subscriptions has been

taken into income over the terms of the various subscriptions. As at January 1, 1971, in order to achieve a better matching of subscription revenue and expense, the Company has deferred the direct commission costs of acquiring consumer magazine subscriptions and is writing off such costs over the terms of the subscriptions.

The effect of this change is to increase consolidated net income for 1971 by \$458,000 (5.7¢ per share). This change in accounting has been given retroactive effect with the result that the 1970 comparative figure for consolidated net income is increased by \$437,000 (5.5¢ per share), deferred subscription commissions totalling \$5,095,000 are recorded as an offset against unearned publishing revenue at January 1, 1970, and retained earnings at January 1, 1970 are increased by \$2,394,000 after allowance for deferred income taxes of \$2,701,000 which have been included with other deferred income taxes in the balance sheet as restated.

Investment in 50% owned affiliated companies — In prior years, the Company carried its investment in 50% owned affiliated companies at cost, as they were considered to be in the development stage; income was realized only to the extent of dividends declared. As at January 1, 1971 the Company adopted the equity method of accounting for these investments. Accordingly the Company's share of net profits and losses of affiliated companies is included in consolidated income annually.

The effect of this change is to increase consolidated net income for 1971 by \$32,000 (0.4¢ per share). This change in accounting has been given retroactive effect with the result that the 1970 comparative figure for consolidated net income is increased by \$16,000 (0.2¢ per share) and retained earnings at January 1, 1970 are decreased by \$283,000 to reflect the net accumulated losses of these companies to that date.

### 3. Income tax reductions

The unused loss carry-forward in certain subsidiary companies is approximately \$700,000 as at December 31, 1971 and, if realized, will result in future income tax reductions of \$339,000 at current tax rates.

### 4. Properties

	1971	1970
Assets at cost:		
Land.....	\$ 814,000	\$ 767,000
Buildings, equipment....	28,317,000	25,930,000
Cable TV plant.....	15,175,000	13,081,000
	<u>43,492,000</u>	<u>39,011,000</u>
Less accumulated depreciation	22,435,000	19,418,000
	<u>21,057,000</u>	<u>19,593,000</u>
	<u>\$21,871,000</u>	<u>\$20,360,000</u>

Cable TV plant includes \$4,701,000 (\$4,120,000 in 1970) of assets paid for by the Company, but held under leases from public utility companies with minimum original terms of ten years.

Depreciation is being provided on the following basis:

- Buildings — 5% on diminishing balance
- Printing plant, and cable TV plant — 10% straight line
- Other plant and equipment — 10% or 20% on diminishing balance
- Vehicles — 30% on diminishing balance

### 5. Goodwill

This asset consists of the excess of the cost of acquiring predecessor businesses over the value assigned to net tangible assets acquired. The Company does not intend to amortize this balance as it has ongoing value.

### 6. Unearned net publishing revenue

Revenue from publication subscriptions is deferred and taken into income over the terms of the various subscriptions. As described in note 2 the related direct commission cost of acquiring consumer magazine subscriptions is also now deferred and charged to income over the terms of the various subscriptions. All other subscription acquisition costs have been charged to income as incurred.

The net amounts included on the consolidated balance sheet consist of the following:

	December 31	
	1971	1970
Gross subscription income deferred	\$11,123,000	\$10,211,000
Less deferred direct commission costs of acquiring consumer magazine subscriptions.....	<u>6,959,000</u>	<u>6,024,000</u>
Unearned net publishing revenue.....	<u>\$ 4,164,000</u>	<u>\$ 4,187,000</u>

No portion of the unearned net publishing revenue, representing the amount to be earned within the following year, is included with current liabilities (as would ordinarily be done following recommendations of the Canadian Institute of Chartered Accountants) as it is deemed to be offset by the other subscription acquisition costs charged to income when incurred.

### 7. Long-term debt

	December 31	
	1971	1970
Bank loans of subsidiary companies, at interest rates varying with prime bank rate (arrangements have been made with the Company's bankers to extend the loans beyond 1972).....	\$ 5,115,000	\$2,600,000
9% Sinking Fund Debentures Series A of Maclean-Hunter Cable TV with annual sinking fund requirement for next five years of \$750,000 for which 1972 requirement has been met.....	6,220,000	6,740,000
7% Serial Debentures of Data Business Forms, due in quarterly instalments of \$12,650 to 1976.....	165,000	
	<u>\$11,500,000</u>	<u>\$9,340,000</u>

### 8. Minority interest in subsidiary companies

	1971	1970
Preference shares and advances.....	\$3,577,000	\$3,817,000
Common shares, contributed surplus and retained earnings.....	<u>2,167,000</u>	<u>1,910,000</u>
	<u>\$5,744,000</u>	<u>\$5,727,000</u>

### 9. Capital, retained earnings and dividends

Capital —

**Authorized capital:**

10,000,000 Class A and Class B inter-convertible participating shares without par value  
1,000 common shares without par value

**Issued capital:**

2,370,660 Class A shares )  
5,629,340 Class B shares ) \$500,000  
8,000,000

Authorized and issued capital at December 31, 1971, is after the following changes therein which occurred during the year:

- (a) During 1971, 2,295,000 of the then authorized Class A shares with a par value of 20c each were issued as stock dividends on the then authorized Class B shares and redeemed at par, reducing the authorized Class A shares to 33,930,625 at December 15, 1971.
- (b) By articles of amendment registered December 15, 1971 —
- (i) the previously authorized 33,930,625 Class A shares were cancelled;
  - (ii) the previously issued 2,000,000 common shares were reclassified and subdivided into 4,000,000 Class A fully participating voting shares without par value;
  - (iii) the 2,000,000 Class B shares were subdivided into 4,000,000 Class B shares;
  - (iv) the authorized capital was increased in total by 1,000,000 reclassified Class A shares and 1,000,000 Class B shares;
  - (v) the previously authorized but unissued 2,000,000 common shares were consolidated into 1,000 common shares without par value;
  - (vi) the reclassified and subdivided Class A and Class B shares were given reciprocal conversion privileges on a one for one basis.

Issued capital at December 31, 1971 also reflects the conversion of 1,629,340 Class A shares into an equal number of Class B shares, which occurred after the articles of amendment were registered.

The Company's articles of incorporation confer upon it the right to refuse to register a transfer of any shares in the capital of the Company, to a non-resident, that may in the opinion of the directors adversely affect the status of the Company under the licencing provisions of the Broadcasting Act of Canada, or the status as a Canadian publication of any newspaper or periodical published by the Company.

**Retained earnings —**

Recent changes in Canadian Income Tax law have created for tax purposes the concepts of "1971 undistributed income on hand and 1971 capital surplus on hand". A corporation may elect that all or part of its dividend payments be deemed to come from these balances. Dividends which are tax free to shareholders (but which reduce adjusted cost base of their shares for capital gains tax purposes) may be declared by the Company on Class B shares and are first deemed to come from 1971 undistributed income after payment of a 15% tax thereon by the Company then, when that source is exhausted, from capital surplus upon which no tax is payable by the Company.

At December 31, 1971 the Company had on hand approximately the following amounts of tax surplus:

1971 undistributed income.....	\$ 7,000,000
1971 capital surplus .....	21,500,000
	<u>\$28,500,000</u>

The capital surplus arose substantially through the transfer of subsidiary companies to Maclean-Hunter Communications and CFCN Communications as described in note 1. Because transactions between parent and subsidiary companies are nullified for accounting purposes on consolidation, the tax surplus accounts of the Company are greater than the related consolidated figure shown for retained earnings.

1971 capital surplus on hand may be increased in future years through the realization of gains accrued at December 31, 1971 on capital property of the Company, which are also not reflected in the consolidated financial statements of the Company.

**Dividends —**

Dividends paid on Class B shares are equivalent to those paid on Class A shares after consideration of the special 15% tax currently being paid by the Company to create tax-paid undistributed surplus on hand from which Class B dividends are paid.

**10. Contingent liabilities and commitments**

- (a) As at December 31, 1971, there were pending against the Company lawsuits arising in the ordinary course of business. Based on opinion of counsel retained in these lawsuits, management is of the opinion that recoveries, if any, by the plaintiffs will not be material and no provision for such has been made in the accounts.
- (b) The Company has guaranteed affiliated companies' bank loans of \$178,000 outstanding at December 31, 1971.
- (c) Subsidiary companies are committed to make lease payments aggregating \$825,000 annually for periods of up to twenty-one years.

**11. Statutory information**

The aggregate direct remuneration of directors and senior officers (as defined in The Business Corporations Act, Ontario) amounted to \$541,000 in 1971; \$534,000 in 1970.

## Auditors' report

To the Shareholders of  
Maclean-Hunter Limited:

We have examined the consolidated statement of financial position of Maclean-Hunter Limited and its subsidiaries as at December 31, 1971, and the consolidated statements of income, retained earnings, contributed surplus and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1971 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the changes in accounting for magazine subscription costs and the investment in 50% owned affiliated companies as described in note 2.

Toronto, Canada,  
March 7, 1972.

*Clarkson, Gordon & Co.*  
*Chartered Accountants*

# Ten-year summary\*

(\*000 omitted)

	1971	1970	1969
<b>Income</b>			
Revenue			
Publishing	\$39,869	\$39,211	\$39,007
Broadcasting	\$ 8,631	\$ 7,687	\$ 6,907
Cable TV	\$ 7,732	\$ 4,930	\$ 3,151
Other activities	\$12,588	\$ 9,157	\$ 9,435
Total revenue	<u>\$68,820</u>	<u>\$60,985</u>	<u>\$58,500</u>
Income from operations	\$10,496	\$ 8,371	\$9,132
Less: Depreciation	\$ 2,456	\$ 1,955	\$ 1,561
Income before taxes	\$ 8,040	\$ 6,416	\$ 7,571
Income taxes	\$ 4,053	\$ 3,380	\$ 4,009
Income before the following items	\$ 3,987	\$ 3,036	\$ 3,562
Add: Share of net profits (losses) of 50% owned affiliates	\$ 32	\$ 16	\$ (19)
Less: Minority interest	\$ 545	\$ 395	\$ 32
Income before extraordinary items	\$ 3,474	\$ 2,657	\$ 3,511
Extraordinary items	\$ 41	\$ 438	\$ 254
Consolidated net income	\$ 3,515	\$ 3,095	\$ 3,765
Net flow of funds from operations	\$ 7,589	\$ 6,220	\$ 6,119
Dividends paid	\$ 1,337	\$ 1,332	\$ 1,110
<b>Year-end Financial Position</b>			
Current assets	\$14,455	\$13,015	\$12,248
Less: Current liabilities	<u>\$10,384</u>	<u>\$11,042</u>	<u>\$21,639</u>
Working capital	\$ 4,071	\$ 1,973	\$ (9,391)
Properties	\$21,871	\$20,360	\$16,349
Total assets	\$54,353	\$49,564	\$42,803
Unearned revenue	\$ 4,164	\$ 4,187	\$ 4,136
Long term debt	\$11,500	\$ 9,340	.....
Deferred income taxes	\$ 5,117	\$ 3,870	\$ 3,180
Minority interest in subsidiary companies	\$ 5,744	\$ 5,727	\$ 510
Shareholders' equity	\$17,444	\$15,398	\$13,338
<b>Per share data**</b>			
Consolidated net income	43.9¢	38.7¢	47.1¢
Net flow of funds from operations	94.8¢	77.8¢	76.5¢
Dividends paid			
On Class A stock	18.8¢	18.0¢	15.0¢
On Class B stock	16.0¢	15.3¢	12.8¢
<b>Ratios</b>			
Consolidated net income as a percentage of revenue	5.1	5.1	6.4
Ratio of current assets to current liabilities	1.4	1.2	.6

\*Figures adjusted to reflect 1971 change in accounting policy for magazine subscription costs and investment in 50% owned affiliated companies. (See note 2 of Financial Statements.)

1968	1967	1966	1965	1964	1963	1962
\$34,835	\$35,123	\$33,856	\$29,450	\$25,715	\$24,287	\$24,275
\$ 4,747	\$ 4,138	\$ 2,807	.....	.....	.....	.....
\$ 1,227	\$ 741	.....	.....	.....	.....	.....
\$ 6,860	\$10,377	\$ 5,970	\$ 5,093	\$ 3,454	\$ 2,013	\$ 1,731
<u>\$47,669</u>	<u>\$50,379</u>	<u>\$42,633</u>	<u>\$34,543</u>	<u>\$29,169</u>	<u>\$26,300</u>	<u>\$26,006</u>
\$ 5,447	\$ 7,332	\$ 5,536	\$ 4,869	\$ 3,931	\$ 2,787	\$ 2,173
\$ 1,031	\$ 907	\$ 755	\$ 617	\$ 638	\$ 664	\$ 724
\$ 4,416	\$ 6,425	\$ 4,781	\$ 4,252	\$ 3,293	\$ 2,123	\$ 1,449
\$ 2,295	\$ 3,216	\$ 2,378	\$ 2,232	\$ 1,733	\$ 1,114	\$ 745
\$ 2,121	\$ 3,209	\$ 2,403	\$ 2,020	\$ 1,560	\$ 1,009	\$ 704
\$ (67)	\$ 17	\$ 2	\$ 1	\$ (70)	\$ (95)	\$ (52)
.....	.....	.....	.....	.....	.....	.....
\$ 2,054	\$ 3,226	\$ 2,405	\$ 2,021	\$ 1,490	\$ 914	\$ 652
\$ 111	.....	.....	.....	.....	.....	.....
\$ 2,165	\$ 3,226	\$ 2,405	\$ 2,021	\$ 1,490	\$ 914	\$ 652
\$ 4,172	\$ 4,594	\$ 3,900	\$ 3,118	\$ 1,965	\$ 1,776	\$ 1,979
\$ 1,110	\$ 1,203	\$ 936	\$ 855	\$ 890	\$ 715	\$ 1,720
<hr/>						
\$ 9,440	\$ 7,916	\$ 9,178	\$ 7,969	\$ 5,947	\$ 5,855	\$ 4,486
\$ 7,411	\$ 6,728	\$ 6,055	\$ 4,580	\$ 2,823	\$ 2,557	\$ 1,869
\$ 2,029	\$ 1,188	\$ 3,123	\$ 3,389	\$ 3,124	\$ 3,298	\$ 2,617
\$11,665	\$ 9,002	\$ 8,532	\$ 6,553	\$ 6,781	\$ 7,107	\$ 7,596
\$30,959	\$25,857	\$24,943	\$16,139	\$13,303	\$13,334	\$12,510
\$ 3,926	\$ 3,426	\$ 3,375	\$ 3,162	\$ 3,021	\$ 3,919	\$ 4,100
\$ 6,007	\$ 3,210	\$ 5,376	\$ 421	\$ 442	.....	.....
\$ 2,649	\$ 2,266	\$ 1,866	\$ 1,338	\$ 997	\$ 453	\$ 169
\$ 194	\$ 417	\$ 166	.....	.....	.....	.....
\$10,772	\$ 9,810	\$ 8,105	\$ 6,638	\$ 6,020	\$ 6,405	\$ 6,372
<hr/>						
27.1¢	40.3¢	30.0¢	25.3¢	18.6¢	11.4¢	8.2¢
52.2¢	57.4¢	48.8¢	39.0¢	24.6¢	22.2¢	24.7¢
15.0¢	16.3¢	12.5¢	11.3¢	.....	.....	.....
12.8¢	13.8¢	10.9¢	10.2¢	.....	.....	.....
<hr/>						
4.5	6.4	5.6	5.9	5.1	3.5	2.5
1.3	1.2	1.5	1.7	2.1	2.3	2.4

\*\* Assuming present capitalization of 8,000,000 shares for all years with present Class A shares being equivalent to old common shares.  
(See note 9 of Financial Statements.) Shares were first offered to the public in March, 1965.

# Maclean-Hunter periodicals

## Six magazines

*Magazine Division:*

Maclean's  
Chatelaine  
Miss Chatelaine  
Le Maclean (in French)  
Châtelaine "

*The Financial Post Division:*

Financial Post Magazine

## A national weekly

*The Financial Post Division:*

The Financial Post

## A weekly newsletter

*Combined Communications Limited:*

The Canadian Investor

## An educational monthly

*Maclean-Hunter Learning Materials Company:*

Canada & the World

## Eighty-one business periodicals in six countries

*Business Publications Division:*

Building Supply Dealer  
Bus & Truck Transport  
Canadian Advertising Rates & Data  
Canadian Automotive Trade  
Canadian Aviation  
Canadian Building  
Canadian Controls and Instrumentation  
Canadian Datasystems  
Canadian Electronics Engineering  
Canadian Grocer  
Canadian Hotel & Restaurant  
Canadian Interiors  
Canadian Jeweller  
Canadian Machinery and Metalworking  
Canadian Packaging  
Canadian Paint & Finishing  
Canadian Photography  
Canadian Printer & Publisher  
Canadian Pulp and Paper Industry  
Canadian Research & Development  
Canadian Shipping and Marine Engineering  
Canadian Travel Courier  
Canadian University & College  
Civic  
Contractors' Weekly Bulletin  
Design Engineering  
Drug Merchandising  
Electrical Contractor & Maintenance Supervisor  
Electron  
FOOD in Canada  
Hardware Merchandising  
Heavy Construction News  
Home Goods Retailing  
Marketing  
Materials Management & Distribution  
Men's Wear of Canada  
Modern Power & Engineering  
Modern Purchasing

Office Equipment & Methods

Oilweek

Outdoor Power Products

Plant Management & Engineering

School Progress

Style

Teaching Aids Digest (semi-annual)

The Medical Post

Bâtiment (in French)

L'Acheteur "

L'épicier "

Le Bureau "

Le Pharmacien "

Le Québec Industriel "

Le Quincaillier "

Revue-Moteur "

Transport Commercial "

*National Automotive Publishers Limited:*

Canadian Red Book

## In the United States

*Maclean-Hunter Publishing Corporation:*

Boxboard Containers

Coal Mining & Processing

Concrete Products

Inland Printer/American Lithographer

Rock Products

*National Market Reports Incorporated:*

Farm Tractor & Implement Blue Book

Red Book of Official Used Car Valuations

Truck Blue Book

## In Britain

*Maclean-Hunter Limited:*

British Printer

British Printer Specification Manual

British Rate and Data

Business Systems

Direct Enquiry Publications

Holiday Scanner

International Freightage Weekly (incorporating Ports & Terminals)

Manufacturing Management

Modern Purchasing

Offset Printing

Packaging News

Travel Agency

## In France

*Tarifmedia S.A.:*

Tarif Media

## In Germany

*Media-Daten, Verlagsgesellschaft m.b.H.:*

Media-Daten

Media Fakten

Media Adress

## In Italy

*Dati e Tariffe Pubblicitarie S.p.A.:*

Dati e Tariffe Pubblicitarie

# Exhibitions produced by Maclean-Hunter

## **In Canada**

*Industrial and Trade Shows of Canada:*

Canadian Computer Show  
Canadian Construction Show  
Canadian Education Showplace  
Canadian Graphic Arts Show  
Canadian Launderers & Dry Cleaners Show  
Canadian Retail Grocers Show  
Golf Show  
Materials Handling & Distribution Show  
National Industrial Production & Machine Tool Show  
Plastics Show of Canada  
Powder Coating Show  
Salon de l'Épicerie  
The Association of Hospitals of the Province of Quebec  
Convention-Exhibition

*Trans Canada Expositions Limited:*

Canada Farm & Industrial Equipment Show

*Business Publications Division:*

Hi-Fi Home Entertainment Show

## **In Britain**

*Maclean-Hunter Limited:*

International Freight Show and Conference

# Maclean-Hunter annuals

*The Financial Post Division:*

Directory of Directors  
Report on Canada  
Survey of Industrials  
Survey of Investment Funds  
Survey of Markets  
Survey of Mines  
Survey of Oils

*Business Publications Division:*

Bus & Truck Transport School Bus Supplement  
Canadian Industry Shows & Exhibitions  
Canadian Research & Development Buyers' Guide  
Canadian Service Data Book  
Canadian Special Truck Equipment Manual  
Control/Instrument Buyers' Guide  
Fraser's Canadian Shoe and Leather Directory  
Fraser's Canadian Textile Apparel and Variety Goods Directory  
Fraser's Canadian Trade Directory  
Materials Handling Handbook  
The National List of Advertisers

# Officers and directors

\*Director

## **Maclean-Hunter Limited, Toronto**

- \*Donald F. Hunter  
*Chairman of the Board*
- \*Donald G. Campbell  
*President*
- \*J. Lindley Craig  
*Executive Vice-President*  
Lorne R. Clark  
*Vice-President, Finance and Controller and  
Treasurer*
- \*George W. Gilmour  
*Vice-President and General Manager,  
Business Publications Division*
- \*Lloyd M. Hodgkinson  
*Vice-President, Magazine Division*
- \*Edward Nymark  
*Vice-President, Printing Division*  
W. Gill Bailey  
*Secretary*
- \*F. Gerald Brander
- \*Floyd S. Chalmers
- \*John M. Holton
- \*Frederick T. Metcalf
- \*Robert W. Robertson

## **Maclean-Hunter Publishing Corporation, Chicago**

- \*Donald G. Campbell  
*Chairman of the Board*
- \*Joseph J. O'Neill  
*President and Treasurer*
- \*Miss M. J. Sylvester  
*Secretary*
- \*J. Lindley Craig
- \*John F. Heffinger

## **Maclean-Hunter Limited, London, England**

- \*Ronald R. Barnes  
*Chairman of the Board*
- \*J. Lindley Craig  
*Deputy Chairman*  
Miss M. Price  
*Secretary*
- \*James H. Bedford  
*Managing Director, Canadian Publications*
- \*George M. James

## **National Market Reports, Inc., Chicago**

- \*Joseph J. O'Neill  
*Chairman of the Board*
- \*John F. Heffinger  
*President*
- \*Miss M. J. Sylvester  
*Secretary-Treasurer*
- \*J. Lindley Craig
- \*Donald F. Hunter

## **National Automotive Publishers limited, Toronto**

- \*Donald F. Hunter  
*Chairman of the Board*
- \*J. Lindley Craig  
*President*
- \*John F. Heffinger  
W. Gill Bailey  
*Secretary*  
Miss M. J. Sylvester  
*Treasurer*

## **Maclean-Hunter Cable TV Limited, Toronto**

- \*Donald G. Campbell  
*Chairman of the Board*
- \*Frederick T. Metcalf  
*President and General Manager*  
J. Barry Gage  
*Secretary-Treasurer*
- \*Gilbert A. Allard
- \*W. Gill Bailey
- \*Lorne R. Clark
- \*Donald F. Hunter
- \*Robert J. Prettie

## **CFCN Communications Limited, Toronto**

- \*Donald G. Campbell  
*Chairman of the Board*
- \*Edward W. Chapman  
*President*  
Lorne R. Clark  
*Secretary-Treasurer*
- \*Thomas I. A. Allen
- \*J. Lindley Craig
- \*Donald F. Hunter
- \*J. Edward O'Connor

(As at April 12, 1972)

## **CFCN Television Limited and The Voice of the Prairies Limited, Calgary**

- \*Edward W. Chapman  
*President*
- \*Robert W. Lamb  
*Vice-President*  
Herbert C. Marshall  
*Vice-President—Manager (TV)*  
Donald Reiffenstein  
*Vice-President—Manager (Radio)*  
Gerald J. Luciani  
*Vice-President, Finance and Secretary*
- \*Donald G. Campbell
- \*Donald F. Hunter
- \*James A. Love
- \*William N. Love
- \*J. Edward O'Connor

## **Greatlakes Broadcasting System Limited, Kitchener-Chatham**

- \*Donald F. Hunter  
*Chairman of the Board*
- \*Donald G. Campbell  
*President*
- \*W. Gill Bailey  
*Secretary*
- \*Lorne R. Clark  
*Treasurer*

## **Shoreacres Broadcasting Company Limited, Toronto**

- \*Donald G. Campbell  
*Chairman of the Board*
- \*Douglas C. Trowell  
*President and General Manager*
- \*Stewart C. Brandy  
*Vice-President, Sales and Assistant General  
Manager*  
Dorman G. Ulens  
*Secretary-Treasurer*
- \*Donald F. Hunter

## **Co-operative Book Centre of Canada Limited, Toronto**

- \*Donald G. Campbell  
*Chairman of the Board*
- \*Gordon J. Rumgay  
*President*
- \*George M. Harwood  
*Executive Vice-President*
- \*John M. Smith  
*Secretary and Controller*
- \*Lorne R. Clark
- \*George W. Gilmour
- \*Donald F. Hunter
- \*Martin P. Smee
- \*Mrs. Shirley E. Lewis  
*Director of Library Services*

## **Data Business Forms Limited, Toronto**

- \*Edward Nymark  
*Chairman of the Board*
- \*James D. Corcoran  
*President and General Manager*
- \*Lorne R. Clark  
*Secretary*
- \*Donald G. Campbell
- \*Donald F. Hunter

## **Design Craft Limited, Toronto**

- \*Donald F. Hunter  
*Chairman of the Board*
- \*J. Lindley Craig  
*President*
- \*Robert M. Gowdy  
*General Manager*
- \*Lorne R. Clark  
*Secretary-Treasurer*
- \*John A. Fisher